MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

DMG5014 – MANAGEMENT ACCOUNTING 1

(All Sections/Groups)

20 FEBRUARY 2023
2.30 p.m. – 5.30 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided. Show workings where necessary.

QUESTION 1

PART A

Classify the costs below as either direct materials, direct labour, manufacturing overhead or non-manufacturing costs. (1.5 marks)

1) Insurance on manufacturing equipment.
2) Rent on manufacturing building.
3) Cost of shipping the finished goods.
4) Wages for assembly-line workers.
5) Flour used in bakery.
6) Sales commissions.

PART B

Vitae Manufacturing has provided the following data for the year 2022.

	Amount (RM)
Finished goods inventory, 1 January	52,000
Depreciation on factory equipment	2,000
Freight-out costs	8,000
Raw materials inventory, 1 January	12,000
Work in process inventory, 1 January	40,000
Depreciation on building*	6,000
Finished goods inventory, 31 December	45,000
Supplies used**	3,000
Raw material purchased	105,000
Work in process inventory, 31 December	20,000
Advertising expense	8,000
Utilities*	18,000
Direct labour	70,000
Raw materials inventory, 31 December	27,000
Depreciation on office equipment	700
Indirect labour	45,000

Additional information:

(1) *70% of the building and utilities was used for production, 20% for the admin office and 10% for the sales office.
(2) **60% of the supplies were used in production and the balance was for office.

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Required

(a) List and calculate the total period cost for year 2022. *Show your workings.* (5 marks)

(b) Prepare a Cost of Goods Manufactured Schedule for Vitae Manufacturing for the year 2022. *Show your workings.* (11 marks)

(c) Calculate the cost of goods sold for the year. (2.5 marks)

(Total: 20 marks)

QUESTION 2

Kama Industries makes customised cutting machines for food manufacturers. The company uses a job order costing system. Only three jobs were worked during June and July. The information related to the jobs were shown below.

	JOB COST SHEET		
	Job 345	**Job 346**	**Job 347**
Costs incurred in June:			
Direct materials	RM7,500	RM14,800	RM-0-
Direct labour	RM6,000	RM11,000	RM-0-
Manufacturing overhead	RM4,200	RM7,700	RM-0-
Costs incurred in July:			
Direct materials	RM3,300	RM1,200	RM9,500
Direct labour	RM2,000	RM5,000	RM6,000
Manufacturing overhead	RM?	RM?	RM?

Additional information:

(1) Inventory balance as at 30 June were as follows:

Raw materials	RM20,000
Work in process	RM?
Finished goods	RM13,000

(2) Jobs 345 and 346 were started in June. Job 345 was completed on 27 July and the other two jobs were still incomplete on 31 July.
(3) Manufacturing overhead is applied to the jobs on the basis of direct labour cost.

Required

(a) Determine the balance for the work in process inventory account on 30 June. (2 marks)

Continued...

(b) What is the predetermined overhead rate that the company uses to assign overhead cost to jobs in June? (3 marks)

(c) Based on your answer in (b), calculate the overhead assigned to each job in July. (3 marks)

(d) Prepare the journal entries to record July's transactions for:
(i) Manufacturing costs assigned to work in process inventory account.
(ii) Costs assigned to finished goods inventory account.
Show your workings. (6 marks)

(e) Determine the balance for all type of inventories on 31 July. Show the T-accounts. (6 marks)

(Total: 20 marks)

QUESTION 3

Tiara Industries manufactures and sells banana cakes that passes through two departments: Mixing and Baking. In the Mixing Department, all materials are added at the beginning of the manufacturing process. The following information pertains to the Mixing Department for May 2022.

(1)	Work in process on 1 May: 50,000 kilograms, 60 percent complete with respect to conversion costs. The costs assigned to this work are as follows: Direct materials RM85,750 Conversion costs RM103,950
(2)	Work in process on 31 May: 40,000 kilograms, 50 percent complete with respect to conversion costs.
(3)	Units started into production: 300,000 kilograms
(4)	Units completed and transferred out: 310,000 kilograms. The following costs were added during the month. Direct materials RM526,750 Conversion costs RM638,550

Required

(a) Briefly explain **THREE (3)** differences between process cost system and job order cost system. (6 marks)

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(b) Prepare a Production Cost report for Mixing Department for May using the weighted-average method. (14 marks)

(Total: 20 marks)

QUESTION 4

PART A

Skyline sells a product for RM12 each. Unit costs are as follows:

Variable manufacturing costs	RM5 per unit
Variable selling expenses	RM1.60 per unit
Fixed manufacturing overhead	RM40,000 per year
Fixed selling and administrative	RM24,800 per year

Required

(a) Calculate the contribution margin per unit and ratio. (4 marks)

(b) Calculate the break-even point in units. (2 marks)

(c) How many units must Skyline produce and sell in order to earn an operating income of RM54,000? (2 marks)

(d) During the year 2022, the company was able to sell 20,000 units, what is the margin of safety ratio? (2 marks)

(e) For the coming year, Skyline's manager plans to add one more machine which will increase the fixed manufacturing overhead to RM41,200 per year. The company also agreed to reduce the selling price to RM11 per unit. No changes for the variable costs. Compute the new break-even point in units. (2 marks)

PART B

Bree Company produces and sells two products. Last year, the company sold 7,000 units of Xenus and 3,000 units of Xiper. Unit data concerning each product is shown below.

	Xenus	Xiper
Selling price	RM20	RM30
Variable costs per unit	RM8	RM12

Total fixed costs are RM69,000.

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Required

(a) Determine the sales mix for both products. (2 marks)

(b) Compute the break-even point in units of each product. (6 marks)

(Total: 20 marks)

QUESTION 5

Fiderman Company manufactures and sells stand fan for RM200 per unit. In the first year (2021), the company produced and sold 8,000 units. In the second year (2022), the units produced increased by 50 percent and the company managed to sell 80 percent of the units produced. The company has provided the following data related to the second year's (2022) operations.

Manufacturing costs:	
Variable	RM50 per unit
Fixed	RM384,000 per year
Non-manufacturing costs:	
Variable marketing and administrative expense	RM10 per unit
Fixed marketing and administrative expense	RM204,000 per year

Required

(a) Determine the units produced and units sold during the second year (2022). (2 marks)

(b) Calculate the manufacturing cost per unit using absorption costing. (1.5 marks)

(c) Prepare an Income Statement for the second year using absorption costing. *Show your workings.* (7.5 marks)

(d) Prepare an Income Statement for the second year using variable costing. *Show your workings.* (7.5 marks)

(e) Reconcile the differences in net operating income under the two costing methods. (1.5 marks)

(Total: 20 marks)

End of Paper